

Message Text

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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 6201

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PASS COMMERCE

E.O. 11652: N/A

TAGS: BEXP, IR

SUBJECT: OVERSEAS BUSINESS OPPORTUNITIES

1. EMBASSY HAS RECEIVED FOLLOWING TELEGRAM FROM THE BUDD COMPANY. QUOTE ON APRIL FOURTH WE CONTACTED MR. JOHN HARDESTY INTERNATIONAL TRADE SPECIALIST OVERSEAS BUSINESS OPPORTUNITIES DIVISION US DEPT OF COMMERCE WASHINGTON ASKING THAT HE CONTACT YOUR OFFICE REQUESTING COMMERCIAL INFORMATION ON A VERY LARGE HIGHWAY CARGO TRAILER REQUIREMENT FOR THE IRANIAN MINISTRY OF ROADS. TODAY WE PHONED HIM AND HE ADVISED THAT SUCH A REQUIREMENT EXISTS BUT THAT YOUR OFFICE INSTRUCTED HIM NOT TO INTERFERE AT THIS TIME. SINCE WE ARE A LARGE MANUFACTURER OF THIS TYPE OF EQUIPMENT THROUGH ONE OF OUR USA SUBSIDIARY FIRMS WE REQUEST AN EXPLANATION BY RETURN TELEX AS TO WHY WE ARE BEING KEPT OFF BIDDING BY YOUR OFFICE. EDWARD H. MCDERMOTT, THE BUDD COMPANY, 2450 HUNTING PARK, PHILA., PA. UNQUOTE

2. EMBASSY QUESTIONS COMMERCE'S JUDGEMENT IN PROVIDING ADVICE TO BUDD CONCERNING INTERNAL AND CLASSIFIED COMMUNICATION TO USDOC. SUGGEST COMMERCE CALL MR. MCDERMOTT AND INFORM HIM THE FOLLOWING WHICH
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CAN NOW BE DIVULGED.

A. FIRST TRANCHE (2,000 TRUCKS) OF VERY, VERY LARGE BUY HAD, ACCORDING OUR INFORMATION AT THE TIME, BEEN DEFINITELY AWARDED TO THE WHITE COMPANY; PRELIMINARY AGREEMENT SIGNED NEW YORK APRIL 5, FINAL CONTRACT SIGNED TEHRAN APRIL 27. FROM TIME FIRST SIGNING MINROADS STRICTLY ENJOINED WHITE REPS FROM MAKING ANY REPEAT ANY PUBLIC DISCLOSURE OF DEAL. 6,000 TRAILERS WILL BE PROVIDED BY STRICK COMPANY. TRUCKS TO HAVE CUMMINS ENGINES.

B. WHITE AND TWO OTHER LARGE AMERICAN MANUFACTURERS (MACK AND GM) HAD BEEN ACTIVELY FOLLOWING THE PROJECT AND SINCE IT WAS NOT RPT NOT TO GO TO INTERNATIONAL TENDER, THERE SEEMED LITTLE POINT IN CALLING IN ADDITIONAL COMPETITION ESPECIALLY WHEN THE CONTRACT WAS ALREADY CLEARLY IN WHITE'S HANDS. MOREOVER, FRENCH COMPETING FIRM AT TIME WAS PRESSING HARD WITH SUPPORT ITS EMBASSY TO SWING ORDER TO FRENCH SUPPLIER.

C. A FOLLOW-ON REQUIREMENT FOR 4,000 TRUCKS AND 12,000 TRAILERS APPARENTLY EXISTS BUT NOT IMMEDIATELY. SUGGEST BUDD MAY WISH SEND REPRESENTATIVE TO TEHRAN TO EXPLORE POSSIBILITY.

3. CANNOT EMPHASIZE HOW STRONGLY EMBASSY OBJECTS TO HARDESTY'S COMMENTS TO BUDD REPRESENTATIVE. AS USDOC AWARE, EMBASSIES HAVE BEEN GIVEN SOME LATITUDE IN MAKING JUDGMENTS CONCERNING WHICH COMPANIES HAVE THE BEST POSSIBILITY OF WINNING CONTRACTS. THIS EMBASSY HAS NO REPEAT NO ANIMUS AGAINST BUDD AND WILL ASSIST THEM TO UTMOST. HOWEVER, THERE SEEMED LITTLE POINT TO US TO ENCOURAGE BUDD OR ANYONE ELSE TO COME TO IRAN TO PURSUE A DEAL WHICH WAS ALREADY TIED UP.
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